

**STATEMENT OF THE NATIONAL FEDERATION OF THE BLIND of
CALIFORNIA
BEFORE THE COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED**

**San Francisco, CA
January 26, 2006**

Mr. Chairman and members of the Committee, my name is Chad F. Allen and I am a member of the National Federation of the Blind of California. My address is 6619 Leland Way #117, Hollywood CA 90028; telephone, (323) 467-6712. Thank you for the opportunity to present in regards to current governance issues relating to nonprofit agencies eligible to participate in the Javits-Wagner-O'Day (JWOD) program.

Throughout the decades, many members of the National Federation of the Blind of California were and are employed by affiliates of National Industries for the Blind (NIB). As a representative of the NFB of California, I consider good governance to include plans for compensation and labor standards which are both fair and equitable to all employees. We are here today because there are examples of JWOD executives with pay of \$500,000 a year and sometimes more. However, there are also examples of JWOD workers who are paid fifty cents an hour or less. If a governance standard is being established to define and/or prohibit excessive executive pay, it is both reasonable and equally important that a comparable governance standard should also be implemented to define and prohibit exploitation of the blind and severely disabled JWOD workers.

Putting a ceiling on executive pay, while at the same time not creating a floor under labor pay in the JWOD program would be detrimental. According to program data, approximately 45,000 direct labor employees worked a total of 40,794,368 hours during the fiscal year. Their average compensation was approximately \$8,000 for being present and working an average of 900 hours during the entire year. With JWOD executives earning salaries of a half million dollars with benefits and perks, it is unacceptable for them to report annual pay for their workers of \$8,000. While discussions take place to regulate executive pay, we should also review procedures that executives are enacting to provide more full-time work and fair compensation for their employees.

The NFB of California's greatest concern is that there is little being said about workforce standards. Good governance in the JWOD program should mean producing fulltime jobs and fair pay for blind and disabled people. This intention is repeatedly stated as the fundamental aspect and mission of the program, but little is being said on this matter in these proceedings. The goal of this committee should be to establish fair compensation for blind and disabled workers and not just adequate pay for executives. Rather than being exclusively concerned about regulating against excessive pay at the top, this Committee should also fulfill its responsibility to regulate against worker abuse at the bottom.

In our modern era, we need to require at least the minimum wage to be paid for each hour of work performed by anyone in direct labor in a JWOD job. This would be a small but important and symbolic step in the right direction for our disabled community. To its credit, National Industries for the Blind endorses this policy, and most if not all of its affiliates have implemented it. With the federal minimum wage presently at \$5.15 an hour, the annual wage for fulltime work would be \$10,712. This would be approximately 25 percent above the current average JWOD annual wage of \$8,000. The minimum wage now in effect in some states is higher than the federal minimum and should be required if appropriate.

A reasonable expectation for more experienced JWOD direct labor workers should be the payment of the "prevailing wage," as compared to the minimum wage. Regulations of the U.S. Department of Labor already provide guidance to JWOD agencies in determining prevailing wages for similar work performed by experienced, nondisabled workers in the area. As I understand it, these regulations are used to compute "commensurate wage" rates for disabled workers in accordance with section 14(c) of the Fair Labor Standards Act. However, rather than being used as a ceiling on wages for direct labor employees, application of prevailing wage rates should be required as a floor for experienced workers in the JWOD program.

Certainly, pertinent information would have to be considered, but offering the minimum wage for beginning workers, combined with the prevailing wage for experienced workers is vital to the success of the program. Establishing a wage floor for work performed in the JWOD program is the right thing to do, and I consider it to be as equally important, if not more so, than executive salary caps. The NFB of California encourages this committee to focus on the original intent of the program by providing the proper recompense for services rendered by the men and women employed under JWOD.

Thank you.